

SECURITIES

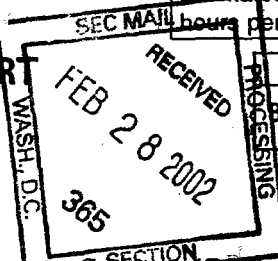


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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
50519

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Heritage Capital Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

225 Water Street, Suite 1250

OFFICIAL USE ONLY

FIRM ID. NO.

(No. and Street)

Jacksonville

Florida

32202

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

C. Donald Wiggins

(904) 354-9600

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Harbeson, Beckerleg & Fletcher

(Name — if individual, state last, first, middle name)

637 Park Street

Jacksonville

Florida

32204

(Address)

(City)

(State)

Zip Code

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 01 2002

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FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

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3-28-02

OATH OR AFFIRMATION

I, C. Donald Wiggins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Heritage Capital Group, Inc.

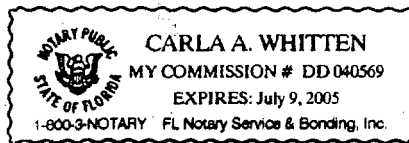
_____, as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

C. Donald Wiggins

President
Title

Carla A. Whitten

Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditor's report on internal accounting control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

HARBESON, BECKERLEG & FLETCHER

CERTIFIED PUBLIC ACCOUNTANTS
687 PARK STREET
JACKSONVILLE, FLORIDA 32204
(904) 356-6023
TELECOPIER (904) 353-5836

E. COBB HARBESON
JOHN C. FLETCHER, JR.
RAYMOND Z. BATEH
M. RONALD HARGRAVES, JR.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

February 13, 2002

To the Board of Directors and Stockholder of
Heritage Capital Group, Inc.

We have audited the accompanying statement of financial condition of Heritage Capital Group, Inc. (an S corporation) as of December 31, 2001, and the related statements of income (loss), changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heritage Capital Group, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harbeson, Beckerleg & Fletcher

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

N3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/01 99
SEC FILE NO. 50519 98
Consolidated ☐ 198
Unconsolidated ☒ 199

ASSETS

	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
1. Cash	\$ 72,608 200		\$ 72,608 750
2. Receivables from brokers or dealers:			
A. Clearance account	295		
B. Other	300	550	810
3. Receivables from non-customers	355	30,795 600	30,795 830
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	418		
B. Debt securities	25,164 419		
C. Options	420		
D. Other securities	424		
E. Spot commodities	430		25,164 850
5. Securities and/or other investments not readily marketable:			
A. At cost \$ 3,300 130			
B. At estimated fair value	440	3,300 610	3,300 860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A. Exempted securities \$ 150	460	630	880
B. Other securities \$ 160			
7. Secured demand notes:	470	640	890
market value of collateral:			
A. Exempted securities \$ 170			
B. Other securities \$ 180			
8. Memberships in exchanges:			
A. Owned, at market \$ 190			
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	490	6,149 680	6,149 920
11. Other assets	535	2,524 735	2,524 930
12. TOTAL ASSETS	\$ 97,772 540	\$ 42,768 740	\$ 140,540 940

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See Independent Auditor's Report and Notes to Financial Statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable.....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	1560
B. Other.....	1115	1305	1540
15. Payable to non-customers.....	1155	1355	1610
16. Securities sold not yet purchased, at market value.....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other.....	50,543 1205	1385	50,543 1685
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements:		1420	1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value.....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	1750
20. TOTAL LIABILITIES.....	\$ 50,543 1230	\$ 1450	\$ 50,543 1760

Ownership Equity

21. Sole proprietorship.....	\$ 1770
22. Partnership (limited partners.....)	\$ 1020 1780
23. Corporation:	
A. Preferred stock.....	1791
B. Common stock.....	100 1792
C. Additional paid-in capital.....	1793
D. Retained earnings.....	89,897 1794
E. Total.....	89,997 1795
F. Less capital stock in treasury.....	1796
24. TOTAL OWNERSHIP EQUITY.....	\$ 89,997 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY.....	\$ 140,540 1810

See Independent's Auditor's Report and Notes to Financial Statements.

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

For the period (MMDDYY) from 01/01/01 3932 to 12/31/01 393
Number of months included in this statement 12 393

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	393
b. Commissions on listed option transactions		393
c. All other securities commissions		393
d. Total securities commissions		394
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		394
b. From all other trading		394
c. Total gain (loss)		395
3. Gains or losses on firm securities investment accounts		395
4. Profit (loss) from underwriting and selling groups		395
5. Revenue from sale of investment company shares		397
6. Commodities revenue		399
7. Fees for account supervision, investment advisory and administrative services		397
8. Other revenue		716,920
9. Total revenue	\$	716,920

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	412
11. Other employee compensation and benefits		411
12. Commissions paid to other broker-dealers		414
13. Interest expense		407
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses		2,264
15. Other expenses		713,081
16. Total expenses	\$	715,345

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	1,575	421
18. Provision for Federal income taxes (for parent only)			422
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			422
a. After Federal income taxes of	4238		
20. Extraordinary gains (losses)			422
a. After Federal income taxes of	4239		
21. Cumulative effect of changes in accounting principles			422
22. Net income (loss) after Federal income taxes and extraordinary items	\$	1,575	423

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	N/A	421
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See Independent Auditor's Report and Note to Financial Statements.

HERITAGE CAPITAL GROUP, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
Year Ended December 31, 2001

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2000	\$100	\$283,917	\$284,017
Net income	-	1,575	1,575
Distributions	<u>-</u>	<u>(195,595)</u>	<u>(195,595)</u>
Balance at December 31, 2001	<u>\$100</u>	<u>\$ 89,897</u>	<u>\$ 89,997</u>

See Independent Auditor's Report and Notes to Financial Statements.

HERITAGE CAPITAL GROUP, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2001

Cash flows from operating activities:

Net income	\$ 1,575
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	3,580
Unrealized loss on marketable securities	262
Decrease in receivables	17,164
Decrease in prepaid expenses	7,500
Increase in accounts payable	<u>35,559</u>
Net cash provided by operating activities	<u>65,640</u>

Cash flows from investing activities:

Purchase of marketable securities	<u>(25,425)</u>
Net cash used for investing activities	<u>(25,425)</u>

Cash flows from financing activities:

Distributions to stockholder	<u>(189,500)</u>
Net cash used for financing activities	<u>(189,500)</u>

Net decrease in cash and cash equivalents (149,285)

Cash and cash equivalents, beginning of year 221,893

Cash and cash equivalents, end of year \$ 72,608

Supplemental schedule of noncash investing and financing activities:

The Company reclassified advances due from stockholder totalling \$6,095 as distributions.

See Independent Auditor's Report and Notes to Financial Statements.

HERITAGE CAPITAL GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

Note 1 - Summary of Significant Accounting Policies:

Nature of Business

Heritage Capital Group, Inc. (the Company) is a licensed broker-dealer engaged primarily in providing consulting services related to mergers and acquisitions of commercial businesses.

Revenue Recognition

Consulting income is recorded as earned when the services are rendered. Commission income related to mergers and acquisitions is recorded upon the closing of the transaction.

Marketable Securities

The Company's investments in marketable securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses, when material, are reported as a separate component of stockholder's equity.

Property and Depreciation

Office furniture and equipment are recorded at cost. Depreciation of office furniture and equipment is provided using accelerated methods over the estimated useful lives of the assets.

Income Taxes

Effective January 1, 1999, the Company elected S corporation status under the Internal Revenue Code. Accordingly, the Company no longer incurs income tax obligations and the financial statements do not include a provision for income taxes. Corporate earnings and losses are included in the personal income tax return of the stockholder and taxed depending on his personal tax strategies. The Company uses the cash basis of accounting for income tax purposes and the accrual basis for financial statement purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

See Independent Auditor's Report.

Note 2 - Net Capital Requirements:

Pursuant to the Securities Exchange Act of 1934, the Company, as a registered broker-dealer, is required to maintain a minimum net capital, as defined under such provisions. Regulatory agencies are empowered to restrict the Company's business activities should its net capital ratio, as defined, exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2001, the Company had net capital of \$44,964 and a net capital requirement of \$5,000. The Company's net capital ratio was 1.12 to 1 at December 31, 2001. Accordingly, the Company was in compliance with its net capital requirements at December 31, 2001.

Note 3 - Furniture and Equipment:

Furniture and equipment at December 31, 2001, are summarized as follows:

	<u>Use Life</u>	
Office and computer equipment	5-7	\$30,050
Furniture and fixtures	5-7	<u>3,208</u>
		33,258
Less accumulated depreciation		<u>27,109</u>
		<u>\$ 6,149</u>

Depreciation totaled \$3,580 for the year ended December 31, 2001.

Note 4 - Related Party Transactions:

The Company has an agreement with Business Valuation, Inc. (BVI), a corporation wholly owned by the Company's stockholder, in which each company shares rent and other occupancy costs related to its common office space. Under the agreement, however, the Company is relieved of its share of these costs if such payment would result in the Company's net capital falling below 120% of its minimum requirement under SEC Rule 15c3-1 (See Note 2).

Rent expense under the agreement totaled \$31,494 for the year ended December 31, 2001. None of the rent or other expenses were forgiven under its agreement with BVI for the year ended December 31, 2001. At December 31, 2001, the Company owed BVI \$48,272 for shared costs not yet reimbursed.

See Independent Auditor's Report.

Note 5 - Concentrations of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash with high quality financial institutions. Generally, the Company does not require collateral on its customer receivables since it has never experienced, nor does it anticipate, future nonperformance by any of its customers.

For the year ended December 31, 2001, commissions related to a merger and acquisition transaction and a successful private offering from two of the Company's clients accounted for approximately 36% and 24% of total revenues, respectively.

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Heritage Capital Group, Inc.

as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$	89,997	34
2. Deduct ownership equity not allowable for Net Capital.....	19	()	34
3. Total ownership equity qualified for Net Capital.....		89,997	35
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			35
B. Other (deductions) or allowable credits (List).....			35
5. Total capital and allowable subordinated liabilities.....	\$	89,997	35
6. Deductions and/or charges:	17		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$		42,768	3540
B. Secured demand note deficiency.....			3590
C. Commodity futures contracts and spot commodities- proprietary capital charges.....			3600
D. Other deductions and/or charges.....			3610
7. Other additions and/or allowable credits (List).....		(42,768)	36
8. Net capital before haircuts on securities positions.....	20	\$ 47,229	36
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments.....		\$ 3660	
B. Subordinated securities borrowings.....		3670	
C. Trading and investment securities:			
1. Exempted securities.....	18	3735	
2. Debt securities.....		2,265	3733
3. Options.....			3730
4. Other securities.....			3734
D. Undue Concentration.....			3650
E. Other (List).....			3736
10. Net Capital.....		\$ 44,964 *	37

OMIT PENN

*** Reconciliation of Company's computation of net capital
to auditor's computation of net capital:**

Net capital, as reported in Company's

Part II (unaudited) FOCUS report

\$58,033

Audit adjustments:

To record additional accrued expenses

(13,069)

Net capital above

\$44,964

See Independent Auditor's Report and Notes to Financial Statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ 3,370	3751
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3751
13. Net capital requirement (greater of line 11 or 12)	\$ 5,000	3761
14. Excess net capital (line 10 less 13)	\$ 39,964	3771
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 39,910	3781

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 50,543	3791
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	3831
19. Total aggregate indebtedness	\$ 50,543	3841
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	% 112.4	3851
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	% 56.2	3861

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ N/A	3871
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 3881	3881
24. Net capital requirement (greater of line 22 or 23)	\$ 3761	3761
25. Excess net capital (line 10 less 24)	\$ 3911	3911
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000	\$ N/A	3921

OMIT PENNII

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

See Independent Auditor's Report and Notes to Financial Statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

For the period (MMDDYY) from 01/01/01 to 12/31/01

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period.....	\$	284,017	4240
A. Net income (loss).....		1,575	4250
B. Additions (Includes non-conforming capital of.....)	\$	4262	4260
C. Deductions (Includes non-conforming capital of.....)	\$	195,595	4272
		(195,595)	4270
2. Balance, end of period (From item 1800)	\$	89,997	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$	N/A	4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (From item 3520)	\$	N/A	4330

OMIT PENNIES

See Independent Auditor's Report and Notes to Financial Statements.

Schedule IV
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Heritage Capital Group, Inc.

as of 12/31/01

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | |
|--|--------|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 | 4550 |
| B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained | X 4560 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm ³¹ 4335 | 4570 |
| D. (k) (3)—Exempted by order of the Commission | 4580 |

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
32 4600	4601	4602	4603	4604	4605
33 4610	4611	4612	4613	4614	4615
34 4620	4621	4622	4623	4624	4625
35 4630	4631	4632	4633	4634	4635
36 4640	4641	4642	4643	4644	4645
37 4650	4651	4652	4653	4654	4655
38 4660	4661	4662	4663	4664	4665
39 4670	4671	4672	4673	4674	4675
40 4680	4681	4682	4683	4684	4685
41 4690	4691	4692	4693	4694	4695

TOTAL \$ ³¹ N/A 4699

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION
- Equity Capital
 - Subordinated Liabilities
 - Accruals
 - 15c3-1(c)(2)(iv) Liabilities

See Independent Auditor's Report and Notes to Financial Statements.

HARBESON, BECKERLEG & FLETCHER

CERTIFIED PUBLIC ACCOUNTANTS
687 PARK STREET
JACKSONVILLE, FLORIDA 32204
(904) 356-6023
TELECOPIER (904) 353-5836

E. COBB HARBESON
JOHN C. FLETCHER, JR.
RAYMOND Z. BATEH
M. RONALD HARGRAVES, JR.

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL ACCOUNTING CONTROL
REQUIRED BY SEC RULE 17a-5

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

February 13, 2002

To the Board of Directors and Stockholder of
Heritage Capital Group, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Heritage Capital Group, Inc. for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, recordation of differences required by Rule 17a-13 and complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Board of Directors and Stockholder of
Heritage Capital Group, Inc.
February 13, 2002
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Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and the National Association of Securities Dealers and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Harbeson, Beckerleg & Fletcher

HERITAGE CAPITAL GROUP, INC.
ANNUAL AUDITED REPORT
PURSUANT TO RULE 17a-5 OF
THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2001